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MEMORANDUM

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AZ CORP COMMISSION
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TO: Docket Control

FROM: Ernest G. Johnson EGJ
Director
Utilities Division

DATE: September 12, 2003

RE: STAFF REPORT FOR SALT RIVER PROJECT AGRICULTURAL IMPROVEMENT & POWER DISTRICT APPLICATION FOR AN ORDER AUTHORIZING ITS ISSUANCE OF REVENUE BONDS AND REFUNDING BONDS (DOCKET NO. E-02217A-03-0232)

Attached is the Staff Report for Salt River Project Agricultural Improvement & Power District application for an order authorizing its issuance of revenue bonds and refunding bonds.

Staff recommends approval.

Arizona Corporation Commission
DOCKETED

SEP 1 2 2003

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EGJ:JHJ:lhm

Originator: J. H. Johnson

SERVICE LIST FOR: SALT RIVER PROJECT AGRICULTURAL IMPROVEMENT & POWER DISTRICT

DOCKET NO. E-02217A-03-0232

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STAFF REPORT
UTILITIES DIVISION
ARIZONA CORPORATION COMMISSION

SALT RIVER PROJECT AGRICULTURAL
IMPROVEMENT & POWER DISTRICT

DOCKET NO. E-02217A-03-0232

APPLICATION FOR AN ORDER AUTHORIZING
ISSUANCE OF REVENUE BONDS
AND REFUNDING BONDS

AUGUST 2003

STAFF ACKNOWLEDGMENT

The Staff Report for Salt River Project Agricultural Improvement & Power District (Docket No. E-02217A-03-0232) was the responsibility of the Staff members listed below: J. H. Johnson was responsible for the review and financial analysis of the Company's application. Prem Bahl was responsible for the engineering and technical analysis.

J. H. JOHNSON
PUBLIC UTILITIES ANALYST III

Prem Bahl

PREM BAHL
UTILITIES ENGINEER (ELECTRICAL)

EXECUTIVE SUMMARY

Salt River Project Agricultural Improvement & Power District ("SRP") is an Arizona municipal entity located in Tempe, Arizona, with power and water operations serving customers in four Arizona counties. SRP's power operations far exceed its water operations in annual revenues and serve nearly 800,000 electric customers as of April 30, 2003.

SRP, on April 14, 2003, filed an application for authorization to issue $580,000,000 in new revenue bonds to finance plant additions through 2009. The application also seeks authorization to issue $640,000,000 in refunding bonds to replace existing high interest callable revenue bonds. Further, the application asks that a previously imposed limit of 7 percent of capitalization be raised to 15 percent of capitalization for issuance of alternative bond products and bond derivatives. The Commission, in Decision No. 64253 dated December 5, 2001, limited these products to 7 percent of capitalization.

Staff has concluded that the new projects proposed by SRP and to be paid for by the funds generated from new debt are appropriate to meet the projected needs of SRP's new customers and ensure system reliability. Staff further concludes that the costs associated with the new projects appear to be reasonable.

All bond derivative and alternative bond product transactions are subject to its Board of Directors' approval. Further, SRP's goal in transactions for alternative bond products is to lower debt service requirements consistent with the best interests of its ratepayers. Staff concludes that SRP should be required to meet certain performance requirements to be eligible to enter bond derivative transactions. Those requirements are the following: maintain a minimum of A- and A3 ratings by Standard and Poor's and Moody's respectively, on all long-term debt issues and total long-term debt shall not exceed 70 percent of capitalization.

The SRP times interest earning ratio ("TIER") is low at 1.30, however, the debt service ratio ("DSC") is 1.16 based on worst case assumptions. SRP has the ability to unilaterally raise electric rates to meet financial needs, thus providing the ability to increase revenues as needed to meet financial needs and preserve ratings on debt issues.

Staff concludes that the proposed transactions are within the powers of the applicant, are in the public interest, and are consistent with sound financial practices. Staff recommends approval of the authorization to issue $580,000,000 of new revenue bonds, to issue $640,000,000 of refunding bonds, and to change the percentage of capitalization limitation on issuance of alternative bond products and bond derivatives to 15 percent.

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Introduction

Salt River Project Agricultural Improvement & Power District ("SRP"), in compliance with Arizona Revised Statutes ("A.R.S.") 48-2465(B) and 48-2471, applied for an order authorizing the issuance of revenue bonds and refunding bonds. SRP proposes to issue new revenue bonds in the amount of $580,000,000 with proceeds to be used for construction, acquisition and installation of improvements, replacements, additions, extensions and betterments of its electric system. SRP provided an estimate of plant needs for the years 2004-2009 that totals $1,971,968,000 for transmission, distribution, and generation additions.

The application also requests authorization to issue $640,000,000 of refunding bonds to reduce debt service requirements. The reduction in interest rates over the past few years provides SRP the opportunity to call previously issued revenue bonds and replace them with lower-cost bonds that will reduce debt service costs.

Further, the application requests that SRP be allowed to issue alternative bond products and bond derivatives to a maximum of 15 percent of capitalization. Decision No. 64253, dated December 5, 2001, imposed a limit of 7 percent of capitalization for issuance of alternative bond products and bond derivatives.

Under Title 48, Chapter 17, of the laws of the State of Arizona, A.R.S. 48-2301, *et seq.,* the SRP was created as a municipal entity. As of April 30, 2003, SRP served almost 800,000 customers. SRP now owns portions of generating stations in Nevada, Arizona, Colorado and New Mexico that serve SRP power customers in Gila, Pinal and Maricopa counties within Arizona.

SRP is not subject to Arizona Corporation Commission ("Commission") regulation with two exceptions, line siting and issuance of revenue bonds as required in A.R.S.48-2465(B).

Purpose of Bond Financing, Refinancing, and Alternative Bond Products and Bond Derivatives

Refunding Bonds

The $580,000,000 of revenue bonds will be used to improve and expand electrical plant assets to keep up with demand growth in areas served by SRP. Specifically, SRP has outlined areas of needed funding as shown in Table 1 below:

Estimated Capital Expenditures 2004-2009

Table 1 (000's)

Projected Area of Need	Amount
Energy	$718,130
Transmission	$240,266
Distribution	$1,013,572
Corporate	$222,731
Water	$128,638
Contingency allowance	$250,000
TOTAL	**$2,573,337**

Revenue bonds are collateralized with a pledge of certain electric revenues after deducting operating expenses as defined in the bond resolution.

Revenue bonds are issued and typically sold by bond underwriters or are sold in private transactions. In both cases, SRP tries to achieve the minimum interest rate possible. The issues are sold with a call provision so that in the event interest costs decline after issuance, SRP can call the bonds in and pay a call premium if early retirement is cost effective.

Historically, the interest rates that SRP has paid have varied from 14.36 percent for the 1981 Series B bonds to today's rates of approximately 3 percent or less. Assuming an interest rate of 3 percent, annual interest cost for the new revenue bonds would be $17,400,000 per year. Staff used $17,400,000 as the amount of interest expense for these bonds in Schedule JHJ-1.

New revenue bonds will be issued for a maximum term of fifty years, will be tax exempt, and will be marketed through underwriters or sold in private placements at the best available terms and conditions.

Refunding Bonds

SRP proposes to issue not over $640,000,000 of Salt River Project Electric System refunding bonds to provide monies to refund previously issued bonds and pay expenses incurred in the refunding process.

Historically, SRP has used the call provision in its bond issues and refunded long-term bonds where a 7 percent savings could be achieved. In recent years, SRP considered refunding shorter-term debt at interest rates as low as 3 percent. SRP currently has issues outstanding with interest rates as high as 6.5 percent (1993 Series B due 2004 and 1993 Series C due 2009). Most interest rates on outstanding SRP bonds fall in the 4.5 percent to 5 percent range.

SRP's application provides an example of savings in debt service through the issuance of 2002 Series A Refunding Revenue Bonds in the amount of $450,441,000 which refunded prior bond issues and reduced annual debt service by approximately $21.4 million. The current request for refunding is expected to achieve interest savings exceeding all refinancing costs reducing debt service requirements. The exact amount of savings cannot be determined until the refinancing is completed. Staff's reporting requirements would require SRP to provide analysis after the transaction(s) is (are) completed showing net savings in debt service requirements.

Staff calculates that a 2 percent per annum interest savings on $640,000,000 would be $12,800,000 prior to refunding costs.

SRP anticipates using a refunding mechanism that effectively, but does not directly, retire the outstanding revenue bonds. The mechanism is called defeasance. Using this mechanism, SRP will invest the proceeds of the new revenue bonds in obligations of, or with obligations guaranteed by, the United States Government. These securities will be purchased so that their maturities and amounts coincide with SRP's existing revenue bond obligations. Thus, the purchased securities will provide the funds to repay the revenue bonds obligation as they come due. Bonds refinanced in this manner will not be shown as a liability on SRP's books.

<u>Alternative Bond Products</u>

Alternative bond products are debt instruments that provide bondholders an income stream based on market rate instead of coupon rate. SRP states that all such proposed transactions are subject to its Board of Directors' approval. SRP's goal in such transactions is to lower debt service costs to achieve economic benefits consistent with the best interests of its ratepayers.

SRP requests that the Commission authorize increasing its capacity to issue bond derivatives to 15 percent of total capitalization to accommodate greater flexibility in financial planning.

In Decision No. 64253, dated December 4, 2001, the Commission limited SRP to a maximum of 7 percent of capitalization invested in alternative bond products and bond derivatives. Total capitalization (long-term debt plus equity) as shown on Schedule JHJ-1, for SRP as of April 30, 2002, is $5,478,000,000. Seven percent and fifteen percent of capitalization are $383,460,000 and $821,700,000, respectively.

SRP has two alternative bond products outstanding at the present time. The first is Short Term Adjustable Rate Securities ("STARS") and the second is Short Term Rate Inverse Payment Exempt Securities ("STRIPES"). Institutional holders of STARS earn a variable rate of interest approximating the rate on short-term money market investments while STRIPES holders receive a return that moves inversely with short-term rates of interest. In total, $26.6 million was outstanding at March 31, 2003. This flexibility works to reduce the debts cost to SRP.

Staff recommends that SRP's authorization to issue alternative bond products be dependent upon compliance with the following performance requirements:

1. The minimum investment grade ratings for any long-term debt issue by Standard and Poor's is A- and by Moody's is A3.

2. Long-term debt is no more than 70 percent of capitalization.

Currently, the SRP Revenue Bond ratings by Standard and Poor's and Moody's are:

Standard and Poor's	AA
Moody's	Aa2

The Standard and Poor's rating is defined as "Very strong capacity to meet financial obligations." Moody's definition is the same. Current ratings are three ratings levels above the minimum levels required by condition number one.

SRP can unilaterally set its own electricity rates as its board of directors sees fit. The SRP Supplemental Resolution dated September 10, 2001, in section 7.11 of the application states that "The District shall charge and collect rates, fees, and other charges for the sale of electric power and energy and other services . . .at least sufficient in each Fiscal Year for the payment of the sum of:

(a) Operating expenses . . .
(b) An amount equal to the Aggregate Debt Service for such Fiscal Year;
(c) The amount . . . to be paid . . . into the Debt Reserve Account. . .
(d) All other charges or liens whatsoever payable out of revenues. . .

In the event that there should be ratings implications in SRP's financial performance; SRP can raise rates to insure that SRP maintains acceptable investment grade ratings from the major ratings agencies.

Notice

SRP published public notice of the proposed financing in *The Arizona Republic*, a newspaper of general circulation in the areas served by SRP. The notice was published on May 9, 2003 and is attached.

Financial Analysis

The operating income for the fiscal years ending April 30, 2001, 2002 and 2003, are respectively, \$273,000,000, \$18,000,000, and \$46,669,000. The 2001 results reflect the high price that SRP received selling surplus electricity for that year. Results for 2003 are before a non-recurring accounting change related to the SRP pension fund that did not affect net revenue.

Staff prepared Schedule JHJ-1, attached, using selected financial information from fiscal year 2003. The pro forma information reflects issuance of the new and refunding revenue bonds at 3 percent per annum and removal of interest and principal on refunded bonds.

The pro forma times interest earned ratio ("TIER"), debt service coverage ratio ("DSC") and cash coverage ratio ("CCR") are 1.30, 1.16, and 4.11. These pro forma ratios indicate that SRP has adequate earnings and cash flow to service the proposed debt.

The TIER represents the number of times earnings will cover interest expense on long-term debt. A TIER ratio of greater than 1.0 means that operating income is greater than interest expense.

The DSC represents the number of times internally generated cash will cover required principal and interest payments on long-term debt. A DSC ratio greater than 1.0 indicates that operating cash flow is sufficient to cover debt obligations.

The CCR represents the number of times internally generated cash will cover required interest payments on debt. A CCR greater than 1.0 means that operating cash flow is greater than interest expense.

SRP's current capital structure consists of 4.9 percent short-term debt, 53.3 percent long-term debt, and 41.8 percent equity. The proposed debt and debt restructuring would change the capital structure to 4.3 percent short-term debt, 59.5 percent long-term debt, and 36.3 percent equity resulting in a reasonable capitalization balance.

Compliance

There are no compliance items outstanding.

Engineering Analysis

Staff concluded that the new projects proposed by SRP and to be paid for by the funds generated from new debt are appropriate to meet the projected needs of SRP's new customers and to ensure system reliability. Staff further concludes that the costs associated with the new projects appear to be reasonable.

Staff further concludes that the generation and transmission projects included in the FY2004-FY2009 Plan appear to be appropriate and expenditures appear to be reasonable.

The Engineering Report is attached.

Staff Recommendations

Staff concludes that the issuance of new debt to finance plant additions and to refinance existing debt is in the public interest, consistent with sound financial practices and with SRP's duties as a public service entity.

Staff recommends authorization to issue up to $580,000,000 of revenue bonds for plant construction needs and no more than $640,000,000 in refunding bonds.

Staff further recommends authorization to increase the limit on alternative bond products and bond derivatives to 15 percent of capitalization provided the following minimum performance standards are maintained:

1. The minimum investment grade ratings for any long-term debt issue by Standard and Poor's is A-and by Moody's is A3.

2. Total long-term debt is no more than 70 percent of capitalization.

Staff further recommends that SRP be ordered to provide to the Commission within 60 days of sale, a synopsis of terms and conditions of any sale of revenue bonds or refunding bonds including the estimated savings over the life of such issue in the case of refunding bonds.

Staff recommends that SRP be ordered to demonstrate, within 60 days of sale, that any bonds issued are at competitive market rates by providing at least two pricing quotes for each issuance.

Salt River Project Agricultural Improvement and Power District Schedule JHJ-1
Docket No. E-02217A-03-0232
Application For Issuance and Refunding of Revenue Bonds

FINANCIAL ANALYSIS

Selected Financial Data
Including Immediate Effects of the Proposed NewDebt
(Millions)

		[A] 4/30/2003		[B] Pro Forma	
1	Operating Income	$ 46		$ 46	
2	Depreciation & Amort.	436		436	
3	Income Tax Expense	0		0	
4					
5	Interest Expense	138		155	
6	Repayment of Principal	260		260	
7					
8					
9	**TIER**[1]				
10	[1+3+5] ÷ [5]	1.33		1.30	
11	**DSC**				
12	[1+2+3] ÷ [5+6]	1.21		1.16	
13	**Cash Coverage Ratio**				
14	[1+2+3] ÷ [5]	4.49		4.11	
15					
16					
17					
18	Short-term Debt	$260	4.9%	$260	4.3%
19					
20	Long-term Debt	$2,810	53.3%	$3,614	59.5%
21					
22	Common Equity	$2,204	41.8%	$2,204	36.3%
23					
24	Total Capital	$5,274	100.0%	$6,078	100.0%
25					
26					
27					

MEMORANDUM

TO: James Johnson
Public Utility Analyst III
Utilities Division

FROM: Prem Bahl Prem
Electric Utilities Engineer
Utilities Division

THRU: Del Smith DS
Engineering Supervisor
Utilities Division

DATE: August 13, 2003

SUBJECT: Salt River Project's Financing Application
Docket No. E-2217A-03-0232

Engineering Staff ("Engineering") reviewed the referenced application, submitted by the Salt River Project Agricultural Improvement and Power District ("SRP" or "District"). SRP submitted an application to the Arizona Corporation Commission ("Commission") for authorizing the issuance of not to exceed $580,000,000 in revenue bonds and not to exceed $640,000,000 in refunding revenue bonds. The Board of Directors of the District authorized the respective amounts of these two types of bonds on April 7, 2003. The purpose of the revenue bonds is to provide financing for SRP's 2003-2009 Electric System Work Plan ("Plan or "Work Plan") for the fiscal years 2004-2009.

Utility Overview

The District currently provides electric power to 804,535 customers in its 2,900 square mile service territory in major populated sections of Maricopa County, as well as portions of Pinal and Gila County, where it serves mining load requirements.

Ending 2002, SRP's transmission system (115 kV and above) consisted of approximately 1,936 overhead circuit miles. The 69 kV overhead route miles were approximately 706 and 69 kV underground route miles were five. The primary distribution circuit miles ending FY02/03 are 3,775 miles for overhead and 11,909 miles for underground.

Review of Capital Projects

Engineering has reviewed SRP's 2003-2009 Electric System Work Plan. In assessing the Plan, Engineering utilized the following criteria.

- Does the Plan adequately address the needs of the projected customer and load growth in SRP's service territory?
- Are the capital expenditures on generation, transmission and distribution infrastructure upgrades and new additions appropriate and reasonable?
- Are the reliability targets reasonable and to what extent are they being achieved?

Customer and Load Growth

Historically, SRP has added on a simple average of approximately 21,600 new service connections per fiscal year for the period 1996-2003. SRP's projections of new residential and commercial customers are estimated at 142,102 over the next six years, reaching a total of 946,637 customers in 2009. This growth projection of simple annual average of 2.94% appears to be only slightly higher than the population growth projection made by State of Arizona, Department of Economic Security for the Phoenix-Mesa MSA area, which is a simple annual average of 2.37% for the same time period.

Historically, SRP's annual peak loads, including system maximum demand, and firm contractual obligations increased from 3,757 MW in FY1993 to 5,626 MW in FY2002. That amounts to a simple average increase of 5.5% per year. SRP's projected peak load (including firm contracts) varies from 5,626 MW in FY2003 to 6,445 MW in FY2008, showing an annual simple average increase of 2.9%. SRP's peak demand has been reduced by changes in the local economy and by the cumulative impact of conservation programs that the District has sponsored for more than a decade. It should be noted that the peak load value used by SRP is the total peak load occurring coincident with the District's system peak energy requirements. The District's system load factor is projected to vary between 50.2% in 2003 and 51.5% in 2008, which appears to be reasonable for a utility of SRP's size and configuration, with approximately 91% residential customers in 2003.

In order to meet the projected load growth, SRP's total planned resources vary between 6,500 MW in 2003 and 7,195 MW in 2008, with reserve margins of 18.3% and 12.4% respectively. The new planned generation resources for the fiscal years 2003 through 2008 are based on a 12% reserve target, which seems to be a reasonable target in the present competitive environment. SRP is working in conjunction with Arizona Public Service Company (APS) to improve the import and load serving capabilities in the valley load pocket, which affect both the utilities. Recently planned and constructed projects, as detailed below, appear to reflect the joint efforts of the two largest utilities in the state to achieve their stated goals of providing reliable and cost effective service to their customers.

- An increase in the Palo Verde East transmission system path rating from 4750 MW to 5120 MW improves SRP's import share by about 200 MW over that in 2002.

- The Palo Verde to Rudd 500 kV line, completed on June 30, 2003, is rated at 1550 MW and has significantly contributed to the increased valley import capability.
- Four 150 MVAR 230 kV shunt capacitor banks at Kyrene and Ocotillo Substations, jointly owned by SRP and APS, in 2003 have further improved valley import capability.
- Future South East Station and Build Out Browning Substations.
- Kyrene expansion of 250 MW was completed in October 2002 and Santan Expansion (825 MW) is slated for 2005. Total generation expansion expenditures for the 2004-2009 period are 43.74% of the total generation cost of $718,130 in 2009.
- SRP Board approved purchase of a gas fired combined cycle generation facility (Desert Basin Plant, 575 MW) in July 2003 from Reliant Energy Desert Basin, LLC.

Projected Capital Expenditures

In order to meet the future load growth, SRP's plans include adequate generation resources (based on 12% reserve margins), including Kyrene and Santan generation expansion plans. Total generation expenditures for the FY04 through FY09, amounting to $718,130 appear to be of reasonable levels.

SRP is participating in the Central Arizona Transmission System studies conducted by a stakeholder group on a collaborative basis. This group is looking at the transmission alternatives in Central Arizona area from a planning perspective to meet future load growth in a reliable manner. As a result of this work, SRP, APS, Santa Cruz Water and Power Districts Association, and Tucson Electric Power have embarked upon the Palo Verde – Pinal West and Pinal West - Southeast Valley Station 500 kV lines. On behalf of the sponsors of this project, SRP is in the process of submitting an application to the Commission for obtaining a Certificate of Environmental Compatibility for the Palo Verde to Pinal West 500 kV line. SRP and APS jointly participated in the construction of Palo Verde to Rudd 500 kV line, which became operational on May 30, 2003. To meet the recent and future continued growth in the southeast valley, SRP is studying the expansion of the southeast valley 230 kV transmission system. Additional transmission capacity between Browning Substation and other receiving stations, such as Coolidge, Thunderstone, RS-19 and RS-23 are being evaluated. Multiple receiving station 500/230 kV and 230/69 kV transformer additions are included in the 2003-2009 plans. Several 69 kV and above transmission elements, such as lines, circuit breakers and disconnect switches, are included for replacements and new additions at various substations. Engineering believes that SRP's planned transmission projects in the FY2004-FY2009 Plan are appropriate and total expenditures of $240,266,000 associated with these projects appear to be of reasonable levels.

SRP's projected distribution capital expenditures are to be incurred for upgrading existing facilities (including underground cable replacement) and building new infrastructures to meet the customer load growth. The "New Business" portion is 40.4% of the "Total Distribution" expenditures of $1,013,572 for the 2004-2009 period. Total underground cable replacement expenditure of $178,146 is 17.6% of the total distribution plan expenditure of $1,013,572 for the same period. 50% of the SRP's underground cable is direct buried and is reaching the end of its service life, which explains why a significant portion of the Work Plan budget is earmarked for underground cable replacement. Other "Distribution Lines and Distribution Stations" account for 32.6% of the total expenditures for the 2004-2009 period. Engineering finds that the projected distribution capital expenditures are reasonable and appropriate.

Reliability Targets

Engineering believes SRP uses reasonable reliability targets as recognized by the industry and has most of the time successfully operated its system to live up to those standards. These standards are defined in terms of:

- CAIDI (Customer Average Interruption Duration Index) is a measure of the average duration of interruptions per year and is measured in minutes.

- SAIFI (System Average Interruption Frequency Index) is a measure of the average number of interruptions per customer per year.
- SAIDI (System Average Interruption Duration Index) is a measure of the average number of customer outage minutes per year and is the product of CAIDI and SAIFI.

SRP

Reliability Index Comparison

1993-2002

	CAIDI	**SAIFI**	**SAIDI**
SRP Average	48.6	1.47	76.3
SRP Target	45	1.5	67
Industry Median	106	1.22	88

A major system disturbance in 1996, resulting in multiple cascading outages in the whole of western region caused the above average index values to exceed SRP's targets for the ten-year period.

Conclusion

Based on the aforementioned review of SRP's distribution projects as included in its FY2004-FY2009 Construction Work Plan, Engineering Staff believes that these projects are appropriate to meet the projected needs of SRP's new customers and ensure system reliability by upgrading existing electric facilities, replacing aged underground cables and adding new distribution facilities. Engineering further concludes that the costs associated with these projects appear to be reasonable.

Engineering Staff further concludes that the generation and transmission projects included in the FY2004-FY2009 Plan appear to be appropriate and expenditures associated with these projects appear to be of reasonable levels.

Attachment B

AFFIDAVIT OF PUBLICATION

PUBLIC NOTICE OF AN APPLICATION FOR AN ORDER AUTHORIZING THE ISSUANCE OF REVENUE BONDS AND REFUNDING REVENUE BONDS BY SRP

Salt River Project Agricultural Improvement and Power District ("SRP") has filed an application with the Arizona Corporation Commission (the "Commission") for an order authorizing SRP to issue [illegible] in revenue bonds and [illegible] in refunding [illegible] (the "Application"). The Application is available for inspection during regular business hours at the offices of the Commission in Phoenix, Arizona and at SRP [illegible] Tempe, Arizona. [illegible] Intervention in the Commission's proceedings on the Application shall be permitted to any person entitled by law to intervene and having a direct substantial interest in this matter. Persons desiring to intervene must file a Motion to Intervene with the Commission which must be served upon SRP and which, at a minimum, shall contain the following information:

1. The names, addresses, and telephone number of the proposed intervenor and any person upon whom service of documents is to be made if [illegible] intervenor; [illegible]
2. A short statement of the proposed intervenor's interest in the proceeding; [illegible]
3. Whether the proposed intervenor desires a formal evidentiary hearing on the Application and the reasons for such hearing. [illegible]
4. A statement certifying that a copy of the Motion to Intervene has been mailed to SRP [illegible]

The granting of Motions to Intervene shall be governed by A.A.C. R14-3-105, except that all Motions to Intervene [illegible] notice. [illegible]

9254-May 9, 2003 [illegible]

THE ARIZONA REPUBLIC

STATE OF ARIZONA
COUNTY OF MARICOPA } SS.

Melissa Daams, being first duly sworn, upon oath deposes and says: That she is a legal advertising representative of the Arizona Business Gazette, a newspaper of general circulation in the county of Maricopa, State of Arizona, published at Phoenix, Arizona, by Phoenix Newspapers Inc., which also publishes The Arizona Republic, and that the copy hereto attached is a true copy of the advertisement published in the said paper on the dates as indicated.

The Arizona Republic

5/9/2003

Melissa Daams

Sworn to before me this
9TH day of
May A.D. 2003

OFFICIAL SEAL
MARILYN GREENWOOD
NOTARY PUBLIC-ARIZONA
MARICOPA COUNTY
My Comm. Expires May 23, 2003

Marilyn Greenwood
Notary Public